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COMMONWEALTH BUREAU OF CENSUS AND STATISTICS.

QUARTERLY BUSINESS SURVEY No. 21. PRELIMINARY RESULTS.

PAST AND ANTICIPATED CAPITAL AND MAINTENANCE EXPENDITURE BY AUSTRALIAN BUSINESS.

INTRODUCTION

Quarterly Business Survey Number 21, which asked for figures of capital expenditure in the first half of 1952 and of expected expenditure in the second half of 1952, was circulated about the middle of 1952 to a selected list of businesses. On the basis of their replies estimates have been prepared of the capital expenditure of all private businesses subject to pay-roll tax. Rural industry, and governments and most government business undertakings are excluded.

The figures in these surveys refer to the expenditure made by businesses in respect of buildings and equipment for their own use. Builders and manufacturers or repairers of capital equipment are asked to exclude the value of work done for other businesses.

"Buildings" includes a certain amount of construction work on assets such as private wharves, roads, etc. Capital equipment includes vehicles, cranes, office equipment and furniture, and machines and machinery of all kinds.

NEW CAPITAL EXPENDITURE

Table 1 shows the expenditure on new buildings and new capital equipment from 1948 to the first half of 1952 and an estimate of the expenditure which was expected to be made in the second half of 1952. Particulars of expenditure in 1947 were shown in earlier reports in this series.

TABLE 1. NEW CAPITAL EXPENDITURE, 1948 TO 1952.

(By private businesses subject to payroll tax - excluding rural industries)

	Year 1948	Year 1949	Year 1950	1951		1952	
				1st Half	2nd Half	1st Half	2nd Half
	£m.	£m.	£m.	£m.	£m.	£m.	£m.
New Building							
Forecast	26.8	26.7	36.9	22.8	32.2	34.4	31.6
Actual	20.9	25.2	32.4	21.3	27.1	31.9	-
New Capital Equipment							
Forecast	72.9	78.2	92.2	60.4	74.2	76.3	72.5
Actual	72.1	80.6	99.3	66.4	69.2	79.4	-
Total New Capital Expenditure							
Forecast	99.7	104.9	129.1	83.2	106.4	110.7	104.1
Actual	93.0	105.8	131.7	87.7	96.3	111.3	-

Expenditure on new buildings and capital equipment in the first half of 1952 was estimated at £111.3m. This is £15m., or 15.6%, higher than the estimated expenditure in the second half of 1951, and agrees very closely with the level of expenditure £110.7m. which was forecast at the beginning of 1952. Expenditure which the businesses included in the survey expected to make in the second half of 1952 was £104.1m., representing a decrease of 6.5% on the actual level in the first half of the year. This is the first time since mid-1949 that expenditure anticipated for the following half year was less than actual expenditure for the current half year, but the anticipated fall is not very great. Expectation appeared to be for some measure of stability rather than for a continuation of the increase which occurred over recent years or for any significant decrease.

Expenditure on new buildings increase by £4.8m., or 17.7%, between the second half of 1951 and the first half of 1952. Over the same period expenditure on other new capital equipment increased by £10.2m., or 14.7%. It was expected that expenditure on new building would be practically the same in the second half of 1952 as in the first half, and that expenditure on new capital equipment might fall by about 8.5%, although it was expected to remain above the level of expenditure in 1951.

NEW CAPITAL EXPENDITURE IN INDUSTRY GROUPS

Table 2 shows the expenditure on new buildings and capital equipment in the chief industry groups from 1948 to the first half of 1952 together with the expenditure forecast for the second half of 1952.

TABLE 2. NEW CAPITAL EXPENDITURE ON BUILDINGS AND EQUIPMENT IN INDUSTRY GROUPS

(By private businesses subject to payroll tax - excluding rural industries)

	Year 1948 Actual	Year 1949 Actual	Year 1950 Actual	1951		1952	
				1st Half Actual	2nd Half Actual	1st Half Actual	2nd Half F'cast
	£m.	£m.	£m.	£m.	£m.	£m.	£m.
<u>Manufacturing</u>							
Engineering and Vehicles	21.6	24.1	26.9	21.1	19.6	24.0	28.1
Textile	3.5	3.6	4.1	2.3	2.2	2.2	1.5
Clothing	2.7	3.6	2.6	1.9	2.3	1.6	0.7
Food, Drink, Tobacco	8.2	10.9	15.0	8.3	9.5	11.6	10.1
Paper and Printing	6.8	9.1	11.4	6.7	7.4	8.6	6.9
Gas and Electricity	5.4	5.2	6.4	3.8	4.8	3.9	5.3
Other Manufacturing	11.0	13.5	19.7	13.2	14.4	16.7	12.9
<u>Total Manufacturing</u>	59.2	70.0	86.1	57.3	60.2	68.6	65.5
Mining	3.3	4.5	6.8	5.3	5.5	7.4	6.0
Transport	6.5	7.2	6.8	5.1	5.0	5.3	5.4
Wholesale and Retail Trade	17.7	16.1	20.9	13.3	17.4	20.9	19.8
All Other	6.3	8.0	11.1	6.7	8.2	9.1	7.4
<u>Total Non-manufacturing</u>	33.8	35.8	45.6	30.4	36.1	42.7	38.6
<u>TOTAL</u>	93.0	105.8	131.7	87.7	96.3	111.3	104.1

Both manufacturing and non-manufacturing industries shared in the £15m. increase in new capital expenditure between the second half of 1951 and the first half of 1952. Expenditure by manufacturing industry rose by £8.4m. or 14%, and expenditure by non-manufacturing industries rose by £6.6m. or 18%. Within the manufacturing field expenditure rose in all industries except the textile industry, in which expenditure was unchanged, and the clothing and the gas and electricity industries, where declines were registered. The biggest relative increases were in the engineering and food industries.

The only manufacturing industries which anticipated any rise in expenditure in the second half of 1952 were the engineering and vehicles industry and the gas and electricity industry. Substantial declines were forecast by the clothing and textile industries and smaller declines by other industry groups. Among the non-manufacturing industries the expenditure by the transport industry was expected to be about the same as in the first half of the year, and slight falls were forecast by the others.

REPAIR AND MAINTENANCE EXPENDITURE

Table 3 shows expenditure on repairs and maintenance since 1948.

TABLE 3. REPAIR AND MAINTENANCE EXPENDITURE

(By private businesses subject to pay-roll tax - excluding rural industries)

	Year 1948	Year 1949	Year 1950	1951		1952	
				1st Half	2nd Half	1st Half	2nd Half
	£m.	£m.	£m.	£m.	£m.	£m.	£m.
Forecast	57.4	64.2	69.7	40.6	48.8	55.8	59.1
Actual	62.7	70.3	77.4	51.7	57.3	65.4	-

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